



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Peapack-Gladstone Financial Corp (Peapack-Gladstone Bank)

Person to be contacted regarding this report:	Jeffrey J. Carfora, EVP, CFO
CPP Funds Received:	\$28,685,000
CPP Funds Repaid to Date:	\$7,172,000
Date Funded (first funding):	1/9/2009
Date Repaid ¹ :	1/6/2010

RSSD: (For Bank Holding Companies)	2651590
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	11035
City:	Gladstone
State:	New Jersey

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	The loan portfolio "shrunk" for 2009 as repayments, sales, and charge-offs more than offset new loan originations of \$244 mil. The portfolio may have shrunk more over the course of the year, had the company not had additional capital to enable it to lend to credit worthy borrowers.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	New loan originations of \$244 mil for 2009 were made up of \$150 mil for residential first mortgage loans; \$35 mil for commercial loans (incl multi family and commercial real estate loans); and \$59 mil for consumer and other loans.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	The securities portfolio increased during 2009, initially due to funds provided by CPP, but ongoing, due to cash provided from deposit growth.
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Although, our 2009 provision for loan losses and 2009 charge-offs would have been the same without the benefit of the CPP funds, the additional capital provided by the CPP enabled us to maintain a stronger balance sheet and capital position after provisions, than without the CPP funds.

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Although, our 2009 provision for loan losses and 2009 charge-offs would have been the same without the benefit of the CPP funds, the additional capital provided by the CPP enabled us to maintain a stronger balance sheet and capital position after provisions, than without the CPP funds.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	As noted above, the funds increased our capital levels and were not leveraged. Rather, they provided capital to support ongoing lending and investment.

What actions were you able to avoid because of the capital infusion of CPP funds?

The loan portfolio may have "shrunk" more over the course of the year, had the company not had additional capital to enable it to lend to credit worthy borrowers.

The company would have liked to lend more than its 2009 levels, but loan demand was weak. With the CPP, the Company's balance sheet is positioned so more loans can be made as the economy improves and loan demand increases.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

During 2009 we were able to maintain new loan originations at a substantial level - \$244 mil for the year. The company would have liked to lend more than its 2009 levels, but loan demand was weak. With the CPP, the Company's balance sheet is positioned so more loans can be made as the economy improves and loan demand increases.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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